

**STATE OF WASHINGTON  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
CONSUMER SERVICES DIVISION**

IN THE MATTER OF DETERMINING  
Whether there has been a violation of the  
Mortgage Broker Practices Act of Washington by:

MASON, INC., and  
ANTWAN L. MASON-WEST, Owner and  
Designated Broker,

Respondents.

NO. C-02-185-04-SC01

STATEMENT OF CHARGES and  
NOTICE OF INTENTION TO ENTER  
AN ORDER TO REVOKE LICENSES  
AND PROHIBIT FROM INDUSTRY

**INTRODUCTION**

Pursuant to RCW 19.146.220 and RCW 19.146.223, the Director of the Department of Financial Institutions of the State of Washington ("Director") is responsible for the administration of chapter 19.146 RCW, the Mortgage Broker Practices Act ("Act"). The referenced statutes (RCW) and rules (WAC) are attached, in pertinent part. After having conducted an investigation pursuant to RCW 19.146.235, and based upon the facts available as of March 8, 2004 the Director institutes this proceeding and finds as follows:

**I. FACTUAL ALLEGATIONS**

**1.1 Respondents:**

A. **Mason, Inc. ("Respondent Mason")** is known to have conducted the business of a mortgage broker at the following locations:

9221 SW Barbur Blvd, Ste 105  
Portland, OR 97219

950 12<sup>th</sup> Ave, Ste 250  
Longview, WA 98632

B. **Antwan L. Mason-West ("Respondent Mason-West")** is known to be owner of Respondent Mason. Respondent Mason-West was named Designated Broker on November 15, 1999, and has continued as Designated Broker to date.

1 **1.2 Licenses:**

- 2 A. **Main Office:** Respondent Mason's main office, at 9221 SW Barbur Blvd, Ste 105, Portland,  
3 OR 97219, was licensed by the Department to conduct business as a mortgage broker on  
4 November 15, 1999, and has continued to be licensed to date.
- 5 B. **Branch Office:** Respondent Mason's branch office, at 950 12<sup>th</sup> Ave, Ste 250, Longview, WA  
6 98632, was licensed by the Department to conduct business as a mortgage broker on  
7 November 15, 1999, and has continued to be licensed to date.

8 **1.3 Failure to Pay Annual Assessments:** An annual assessment fee for each license is due to the  
9 Department no later than the last business day of November for the year then ended. To date, the Department  
10 has not received the following annual assessments due from Respondents, totaling \$1,575.67:

- 11 A. Payment of the annual assessment of \$513.95 for the year ended November 30, 2001 was due  
12 to the Department no later than the last business day of November 2001.
- 13 B. Payment of the annual assessment of \$530.86 for the year ended November 30, 2002 was due  
14 to the Department no later than the last business day of November 2002.
- 15 C. Payment of the annual assessment of \$530.86 for the year ended November 30, 2003 was due  
16 to the Department no later than the last business day of November 2003.

17 In addition, payment of the annual assessment of \$530.86 for the year ended November 30, 2004 will be due to  
18 the Department no later than the last business day of November 2004.

19 **1.4 Failure to Pay Branch Annual Assessments:** An annual assessment fee for each branch office  
20 certificate is due to the Department no later than the last business day of November for the year then ended. To  
21 date, the Department has not received the following branch annual assessments due from Respondents, totaling  
22 \$2,075.67:

- 23 A. Payment of the branch annual assessment of \$500.00 for the year ended November 2000 was  
24 due to the Department no later than the last business day of November 2000.
- 25 B. Payment of the branch annual assessment of \$513.95 for the year ended November 2001 was  
due to the Department no later than the last business day of November 2001.
- C. Payment of the branch annual assessment of \$530.86 for the year ended November 30, 2002  
was due to the Department no later than the last business day of November 2002.
- D. Payment of the branch annual assessment of \$530.86 for the year ended November 30, 2003  
was due to the Department no later than the last business day of November 2003.

1 In addition, payment of the branch annual assessment of \$530.86 for the year ended November 30, 2004 will be  
2 due to the Department no later than the last business day of November 2004.

3 **1.5 Failure to Maintain Bond:** In or around December of 2003, the Department became aware that  
4 Respondent Mason's surety bond with North American Specialty Insurance Company had been cancelled,  
5 effective September 5, 2001. To date, Respondents have failed to notify the Department of the cancellation of  
6 the surety bond, and have failed to provide the required surety bond or an approved alternative.

7 **1.6 Failure to Submit Continuing Education Certificates:** A certificate of satisfactory completion of an  
8 approved continuing education course by a licensee's Designated Broker is due to the Department no later than  
9 the last business day of November of each year. To date, the Department has not received the required  
10 certificates from Respondent Mason-West for the years ended November 30, 2000, 2001, 2002 and 2003,  
11 respectively.

12 **1.7 Failure to Pay Third-Party Service Provider:** On October 23, 2000, in regard to Complaint #1872  
13 (formerly #2258), the Department sent a Resolution and Request for Action via first class mail to Respondent  
14 Mason's main office address. This correspondence was not returned by the United States Postal Service. This  
15 correspondence found Respondent Mason in apparent violation of RCW 19.146.0201(11) and directed  
16 Respondent Mason to pay \$400 to William Rogers for third-party services performed, and provide the  
17 Department with evidence that such payment had been made. To date, Respondents have provided no evidence  
18 of payment and therefore have apparently failed to make payment as directed.

19 **1.8 Failure to Respond to Directives:**

- 20 A. On November 7, 2003, the Department served a directive on Respondents by certified mail,  
21 requiring submittal of certificates of completion of continuing education for Respondent  
22 Mason-West, payment of annual assessment fees, and submittal of an amendment application  
23 notifying the Department of a change in address. To date, the Department has not received a  
24 response to this directive.

- 1 B. On October 28, 2002, the Department sent a directive via certified mail to Respondent  
2 Mason's main office and branch office addresses, and to two additional forwarding addresses  
3 provided by the United States Postal Service on previously returned correspondence. The  
4 directive required submittal of certificates of completion of continuing education for  
5 Respondent Mason-West and payment of annual assessment fees. The directive was returned  
6 from all four attempted addresses marked "undeliverable as addressed" by the United States  
7 Postal Service.
- 8 C. As stated in Section 1.7 above, to date, Respondents have failed to comply with the  
9 Department's Resolution and Request for Action issued October 23, 2000.

10 **1.9 Failure to Notify Department of Significant Developments:**

- 11 A. As stated in Section 1.5 above, to date, Respondents have not notified the Department of the  
12 cancellation of Respondent Mason's surety bond.
- 13 B. Various correspondence and directives (as noted in Section 1.8 above) from the Department  
14 addressed to Respondent Mason's licensed locations has been returned by the United States  
15 Postal Service marked "undeliverable as addressed." To date, Respondents have not notified  
16 the Department of a change in location of Respondent Mason's principal place of business or  
17 its branch office.
- 18 C. Respondent Mason's corporate license, maintained with the State of Washington Secretary of  
19 State, expired on June 30, 2000. To date, Respondents have not notified the Department of this  
20 change in standing with the State of Washington Secretary of State.
- 21 D. Respondent Mason's Master Business License account, maintained with the Washington State  
22 Department of Licensing, was dissolved on September 18, 2000. To date, Respondents have  
23 not notified the Department of this change in the State Master Business License.

24 **1.10 On-Going Investigation:** The Department's investigation into the alleged violations of the Act by  
25 Respondents continues to date.

## II. GROUNDS FOR ENTRY OF ORDER

**2.1 Requirement to Pay Annual Assessments:** Based on the Factual Allegations set forth in Section I above, Respondents are in apparent violation of RCW 19.146.228(1), WAC 208-660-060(3) and WAC 208-660-061 for failing to pay to the Director an annual assessment fee no later than the last business day of the month in which the anniversary date of the issuance of the mortgage broker's license occurs.

**2.2 Requirement to Maintain Surety Bond:** Based on the Factual Allegations set forth in Section I above, Respondents are in apparent violation of RCW 19.146.205(4)(a) and WAC 208-660-080(1) for failing to file and maintain a surety bond or approved alternative with the Department.

**2.3 Requirement to Submit Certificate of Completion of Continuing Education:** Based on the Factual Allegations set forth in Section I above, Respondent Mason-West is in apparent violation of RCW 19.146.215 and WAC 208-660-042 for failing to complete the annual continuing education requirement and file a certificate of satisfactory completion no later than the last business day of the month in which the anniversary date of the issuance of the licensee's license occurs.

**2.4 Requirement to Pay Third-Party Service Providers:** Based on the Factual Allegations set forth in Section I above, Respondents are in apparent violation of RCW 19.146.0201(11) for failing to pay a third-party service provider within the statutorily required time period.

**2.5 Requirement to Notify Department of Significant Developments:** Based on the Factual Allegations set forth in Section I above, Respondents are in apparent violation of WAC 208-660-150(1)(e), WAC 208-660-150(2), and WAC 208-660-150(3)(b), (e) and (f) for failing to notify the Director in writing within thirty days after receipt of notification of cancellation of the licensee's surety bond, failing to notify the Director in writing ten days prior to a change of the location of the licensee's principal place of business or any of its branch offices, and failing to notify the Director in writing within five days after a change in mailing address or telephone number or State master business license or standing with the state of Washington Secretary of State.

**2.6 Requirement to Maintain Accurate and Current Books and Records:** Based on the Factual Allegations set forth in Section I above, Respondents are in apparent violation of RCW 19.146.060 and

WAC 208-660-140 for failing to make accurate and current books and records readily available to the Department until at least twenty-five months have elapsed following the effective period to which the books and records relate.

**2.7 Authority to Revoke License:** Pursuant to RCW 19.146.220(2)(b)(ii), (iii) and (iv), and WAC 208-660-160(1), (2), (8) and (13), the Director may revoke a license if a licensee fails to pay a fee required by the Director, fails to maintain the required bond, or fails to comply with any directive or order of the Director.

**2.8 Authority to Prohibit from the Industry:** Pursuant to RCW 19.146.220(2)(e)(i) and (iv), the Director may prohibit from participation in the conduct of the affairs of a licensed mortgage broker, any officer, principal, employee, or loan originator of any licensed mortgage broker or any person subject to licensing under the Act that fails to maintain the required bond or fails to comply with any directive or order of the Director.

### III. NOTICE OF INTENTION TO ENTER ORDER

Respondents' violations of the provisions of chapter 19.146 RCW and chapter 208-660 WAC, as set forth in the above Factual Allegations and Grounds for Entry of Order, constitute a basis for the entry of an Order under RCW 19.146.220, RCW 19.146.221 and RCW 19.146.223. Therefore, it is the Director's intention to ORDER that:

- 3.1 Respondent Mason Inc.'s license to conduct the business of a Mortgage Broker be revoked; and
- 3.2 Respondent Antwan L. Mason-West be prohibited from participation in the conduct of the affairs of any licensed mortgage broker, in any manner, for a period of five (5) years;
- 3.3 Respondents jointly and severally pay William Rogers \$400 for third-party services performed, and provide the Department with evidence that such payment has been made; and
- 3.4 Respondents maintain records in compliance with the Act and provide the Department with the location of the books, records and other information relating to Respondent Mason Inc.'s mortgage broker business, and the name, address and telephone number of the individual responsible for maintenance of such records in compliance with the Act.

1 **IV. AUTHORITY AND PROCEDURE**

2 This Statement of Charges and Notice of Intention to Enter an Order to Revoke Licenses and Prohibit from  
3 Industry is entered pursuant to the provisions of RCW 19.146.220, RCW 19.146.221, RCW 19.146.223 and  
4 RCW 19.146.230, and is subject to the provisions of chapter 34.05 RCW (The Administrative Procedure Act).  
5 Respondents may make a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO  
6 DEFEND AND OPPORTUNITY FOR HEARING accompanying this Statement of Charges and Notice of  
7 Intention to Enter an Order to Revoke Licenses and Prohibit from Industry.

8 Dated this 10th day of March, 2004.

9  
10 /S/

11 **CHUCK CROSS**

12 Acting Director and Enforcement Chief

13 Division of Consumer Services

14 Department of Financial Institutions

15 Presented by:

16 Mark T. Olson

17 Financial Examiner  
18  
19  
20  
21  
22  
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**RCW 19.146.0201 Loan originator, mortgage broker -- Prohibitions -- Requirements.**

It is a violation of this chapter for a loan originator, mortgage broker required to be licensed under this chapter, or mortgage broker otherwise exempted from this chapter under RCW [19.146.020](#)(1) (d) or (f) in connection with a residential mortgage loan to:

(11) Fail to pay third-party providers no later than thirty days after the recording of the loan closing documents or ninety days after completion of the third-party service, whichever comes first, unless otherwise agreed or unless the third-party service provider has been notified in writing that a bona fide dispute exists regarding the performance or quality of the third-party service;

[1997 c 106 § 3; 1994 c 33 § 6; 1993 c 468 § 4.]

**RCW 19.146.060 Accounting requirements.**

(1) A mortgage broker shall use generally accepted accounting principles.

(2) Except as otherwise provided in subsection (3) of this section, a mortgage broker shall maintain accurate and current books and records which shall be readily available at the mortgage broker's usual business location until at least twenty-five months have elapsed following the effective period to which the books and records relate.

(3) Where a mortgage broker's usual business location is outside of the state of Washington, the mortgage broker shall, as determined by the director by rule, either maintain its books and records at a location in this state, or reimburse the director for his or her expenses, including but not limited to transportation, food, and lodging expenses, relating to any examination or investigation resulting under this chapter.

(4) "Books and records" includes but is not limited to:

(a) Copies of all advertisements placed by or at the request of the mortgage broker which mention rates or fees. In the case of radio or television advertisements, or advertisements placed on a telephonic information line or other electronic source of information including but not limited to a computer data base or electronic bulletin board, a mortgage broker shall keep copies of the precise script for the advertisement. All advertisement records shall include for each advertisement the date or dates of publication and name of each periodical, broadcast station, or telephone information line which published the advertisement or, in the case of a flyer or other material distributed by the mortgage broker, the dates, methods, and areas of distribution; and

(b) Copies of all documents, notes, computer records if not stored in printed form, correspondence or memoranda relating to a borrower from whom the mortgage broker has accepted a deposit or other funds, or accepted a residential mortgage loan application or with whom the mortgage broker has entered into an agreement to assist in obtaining a residential mortgage loan.

[1997 c 106 § 6; 1994 c 33 § 20; 1987 c 391 § 8.]

**RCW 19.146.205 License -- Application -- Exchange of fingerprint data with federal bureau of investigation -- Fee - - Bond or alternative.**

(4)(a) Each applicant for a mortgage broker's license shall file and maintain a surety bond, in an amount of not greater than sixty thousand dollars nor less than twenty thousand dollars which the director deems adequate to protect the public interest, executed by the applicant as obligor and by a surety company authorized to do a surety business in this state as surety. The bonding requirement as established by the director may take the form of a uniform bond amount for all licensees or the director may establish by rule a schedule establishing a range of bond amounts which shall vary according to the annual average number of loan originators or independent contractors of a licensee. The bond shall run to the state of Washington as obligee, and shall run first to the benefit of the borrower and then to the benefit of the state and any person or persons who suffer loss by reason of the applicant's or its loan originator's violation of any provision of this chapter or rules adopted under this chapter. The bond shall be conditioned that the obligor as licensee will faithfully conform to and



1 abide by this chapter and all rules adopted under this chapter, and shall reimburse all persons who suffer loss by reason of a  
2 violation of this chapter or rules adopted under this chapter. Borrowers shall be given priority over the state and other  
3 persons. The state and other third parties shall be allowed to receive distribution pursuant to a valid claim against the  
4 remainder of the bond. In the case of claims made by any person or entity who is not a borrower, no final judgment may be  
5 entered prior to one hundred eighty days following the date the claim is filed. The bond shall be continuous and may be  
6 canceled by the surety upon the surety giving written notice to the director of its intent to cancel the bond. The cancellation  
7 shall be effective thirty days after the notice is received by the director. Whether or not the bond is renewed, continued,  
reinstated, reissued, or otherwise extended, replaced, or modified, including increases or decreases in the penal sum, it shall  
be considered one continuous obligation, and the surety upon the bond shall not be liable in an aggregate or cumulative  
amount exceeding the penal sum set forth on the face of the bond. In no event shall the penal sum, or any portion thereof,  
at two or more points in time be added together in determining the surety's liability. The bond shall not be liable for any  
penalties imposed on the licensee, including, but not limited to, any increased damages or attorneys' fees, or both, awarded  
under RCW 19.86.090. The applicant may obtain the bond directly from the surety or through a group bonding  
arrangement involving a professional organization comprised of mortgage brokers if the arrangement provides at least as  
much coverage as is required under this subsection.

...

[2001 c 177 § 4; 1997 c 106 § 9; 1994 c 33 § 8; 1993 c 468 § 6.]

**RCW 19.146.215 Continuing education -- Rules.**

The designated broker of every licensee shall complete an annual continuing education requirement, which the director shall define by rule.

[1997 c 106 § 11; 1994 c 33 § 11.]

**RCW 19.146.220 Director -- Powers and duties -- Violations as separate violations -- Rules.**

(1) The director shall enforce all laws and rules relating to the licensing of mortgage brokers, grant or deny licenses to mortgage brokers, and hold hearings.

(2) The director may impose the following sanctions:

(a) Deny applications for licenses for: (i) Violations of orders, including cease and desist orders issued under this chapter; or (ii) any violation of RCW 19.146.050 or 19.146.0201 (1) through (9);

(b) Suspend or revoke licenses for:

(i) False statements or omission of material information on the application that, if known, would have allowed the director to deny the application for the original license;

(ii) Failure to pay a fee required by the director or maintain the required bond;

(iii) Failure to comply with any directive or order of the director; or

(iv) Any violation of RCW 19.146.050, 19.146.060(3), 19.146.0201 (1) through (9) or (12), 19.146.205(4), or 19.146.265;

(c) Impose fines on the licensee, employee or loan originator of the licensee, or other person subject to this chapter for:

(i) Any violations of RCW 19.146.0201 (1) through (9) or (12), 19.146.030 through 19.146.080, 19.146.200, 19.146.205(4), or 19.146.265; or

(ii) Failure to comply with any directive or order of the director;

(d) Issue orders directing a licensee, its employee or loan originator, or other person subject to this chapter to:

(i) Cease and desist from conducting business in a manner that is injurious to the public or violates any provision of this chapter; or

(ii) Pay restitution to an injured borrower; or

(e) Issue orders removing from office or prohibiting from participation in the conduct of the affairs of a licensed mortgage broker, or both, any officer, principal, employee, or loan originator of any licensed mortgage broker or any person subject to licensing under this chapter for:

(i) Any violation of 19.146.0201 (1) through (9) or (12), 19.146.030 through 19.146.080, 19.146.200, 19.146.205(4), or 19.146.265; or

(ii) False statements or omission of material information on the application that, if known, would have allowed the director to deny the application for the original license;

(iii) Conviction of a gross misdemeanor involving dishonesty or financial misconduct or a felony after obtaining a license; or

(iv) Failure to comply with any directive or order of the director.

(3) Each day's continuance of a violation or failure to comply with any directive or order of the director is a separate and distinct violation or failure.

(4) The director shall establish by rule standards for licensure of applicants licensed in other jurisdictions.

(5) The director shall immediately suspend the license or certificate of a person who has been certified pursuant to RCW 74.20A.320 by the department of social and health services as a person who is not in compliance with a support order or a \*residential or visitation order. If the person has continued to meet all other requirements for reinstatement during the suspension, reissuance of the license or certificate shall be automatic upon the director's receipt of a release issued by the department of social and health services stating that the licensee is in compliance with the order.

[1997 c 106 § 12; 1997 c 58 § 879; 1996 c 103 § 1; 1994 c 33 § 12; 1993 c 468 § 8.]

#### **RCW 19.146.221 Action by director -- Hearing -- Sanction.**

The director may, at his or her discretion and as provided for in \*RCW 19.146.220(2), take any action specified in RCW 19.146.220(1). If the person subject to such action does not appear in person or by counsel at the time and place designated for any administrative hearing that may be held on the action then the person shall be deemed to consent to the action. If the person subject to the action consents, or if after hearing the director finds by a preponderance of the evidence that any grounds for sanctions under this chapter exist, then the director may impose any sanction authorized by this chapter.

[1994 c 33 § 13.]

#### **RCW 19.146.223 Director -- Administration and interpretation.**

The director shall have the power and broad administrative discretion to administer and interpret the provisions of this chapter to fulfill the intent of the legislature as expressed in RCW 19.146.005.

[1994 c 33 § 2.]

#### **RCW 19.146.228 Fees -- Rules -- Exception.**

The director shall establish fees by rule in accordance with RCW 43.24.086 sufficient to cover, but not exceed, the costs of administering this chapter. These fees may include:

(1) An annual assessment paid by each licensee on or before a date specified by rule;

(2) An investigation fee to cover the costs of any investigation of the books and records of a licensee or other person subject to this chapter; and

(3) An application fee to cover the costs of processing applications made to the director under this chapter.

Mortgage brokers shall not be charged investigation fees for the processing of complaints when the investigation determines that no violation of this chapter occurred or when the mortgage broker provides a remedy satisfactory to the complainant and the director and no order of the director is issued. All moneys, fees, and penalties collected under the authority of this chapter shall be deposited into the financial services regulation fund, unless the consumer services account is created as a dedicated, nonappropriated account, in which case all moneys, fees, and penalties collected under this chapter shall be deposited in the consumer services account.

[2001 c 177 § 5; 1997 c 106 § 13; 1994 c 33 § 9.]

**RCW 19.146.230 Administrative procedure act application.**

The proceedings for denying license applications, issuing cease and desist orders, suspending or revoking licenses, and imposing civil penalties or other remedies issued pursuant to this chapter and any appeal therefrom or review thereof shall be governed by the provisions of the administrative procedure act, chapter 34.05 RCW.

[1994 c 33 § 16; 1993 c 468 § 10.]

**RCW 19.146.235 Director -- Investigation powers -- Duties of person subject to examination or investigation.**

For the purposes of investigating complaints arising under this chapter, the director may at any time, either personally or by a designee, examine the business, including but not limited to the books, accounts, records, and files used therein, of every licensee and of every person engaged in the business of mortgage brokering, whether such a person shall act or claim to act under or without the authority of this chapter. For that purpose the director and designated representatives shall have access during regular business hours to the offices and places of business, books, accounts, papers, records, files, safes, and vaults of all such persons.

The director or designated person may direct or order the attendance of and examine under oath all persons whose testimony may be required about the loans or the business or subject matter of any such examination or investigation, and may direct or order such person to produce books, accounts, records, files, and any other documents the director or designated person deems relevant to the inquiry. If a person who receives such a directive or order does not attend and testify, or does not produce the requested books, records, files, or other documents within the time period established in the directive or order, then the director or designated person may issue a subpoena requiring attendance or compelling production of books, records, files, or other documents. No person subject to examination or investigation under this chapter shall withhold, abstract, remove, mutilate, destroy, or secrete any books, records, computer records, or other information.

Once during the first two years of licensing, the director may visit, either personally or by designee, the licensee's place or places of business to conduct a compliance examination. The director may examine, either personally or by designee, a sample of the licensee's loan files, interview the licensee or other designated employee or independent contractor, and undertake such other activities as necessary to ensure that the licensee is in compliance with the provisions of this chapter. For those licensees issued licenses prior to March 21, 1994, the cost of such an examination shall be considered to have been prepaid in their license fee. After this one visit within the two-year period subsequent to issuance of a license, the director or a designee may visit the licensee's place or places of business only to ensure that corrective action has been taken or to investigate a complaint.

[1997 c 106 § 14; 1994 c 33 § 17; 1993 c 468 § 11.]

**WAC 208-660-042 Continuing education requirement.**

(1) The principal or designated broker of a licensee must satisfactorily complete an approved continuing education course annually. Each licensee must file annually a certificate of satisfactory completion of an approved continuing education course by the licensee's principal or designated broker no later than the last business day of the month in which the anniversary date of the issuance of the licensee's license occurs.

(2) This section applies to each licensee beginning on the first anniversary date of the issuance of the licensee's license which occurs after December 31, 1995. (For example, if a licensee's license was issued on January 10, 1994, then the licensee must submit its first certificate of satisfactory completion of an approved continuing education course no later than the last business day of January 1996.)

[Statutory Authority: RCW 43.320.010, 19.146.223, 01-01-044, § 208-660-042, filed 12/8/00, effective 1/8/01; 96-04-028, recodified as § 208-660-042, filed 2/1/96, effective 4/1/96. Statutory Authority: RCW 19.146.225, 95-13-091, § 50-60-042, filed 6/21/95, effective 7/22/95.]

**WAC 208-660-060 Department's fees and assessments.**

(1) Upon completion of processing and reviewing an application for a license or branch office certificate, the department will prepare a billing, regardless of whether a license or certificate has been issued, calculated at the rate of \$35.98 per hour that each staff person devoted to processing and reviewing the application. The application deposit will be applied against this bill. Any amount left owing to the department will be billed to and paid promptly by the applicant, while any balance remaining from the deposit will be refunded promptly to the applicant.

(2) Upon completion of any examination of the books and records of a licensee, the department will furnish to the licensee a billing to cover the cost of the examination. The examination charge will be calculated at the rate of \$46.26 per hour that each staff person devoted to the examination. The examination billing will be paid by the licensee promptly upon receipt. Licensees that were issued licenses prior to March 21, 1994, have prepaid in their initial license fee the cost of the first compliance examination of the licensee conducted by the department during the first two years after the date of issuance of the license.

(3) Each licensee shall pay to the director an annual assessment of \$513.95 for each license, and \$513.95 for each branch office certificate. The annual assessment(s) will be due no later than the last business day of the month in which the anniversary date of the issuance of the broker's license occurs.

(4) Upon completion of any investigation of the books and records of a mortgage broker other than a licensee, the department will furnish to the broker a billing to cover the cost of the investigation. The investigation charge will be calculated at the rate of \$46.26 per hour that each staff person devoted to the investigation. The investigation billing will be paid by the mortgage broker promptly upon receipt.

[Statutory Authority: RCW 18.44.410, 19.146.223, 19.146.225, 19.146.265, 31.04.165, 31.45.200, 01-12-029, § 208-660-060, filed 5/29/01, effective 7/1/01; 96-04-028, recodified as § 208-660-060, filed 2/1/96, effective 4/1/96. Statutory Authority: RCW 19.146.225, 95-13-091, § 50-60-060, filed 6/21/95, effective 7/22/95; 94-23-033, § 50-60-060, filed 11/8/94, effective 12/9/94. Statutory Authority: 1993 c 468 § 9, 94-03-009, § 50-60-060, filed 1/7/94, effective 2/7/94.]

**WAC 208-660-061 Fee increase.**

The division intends to increase its fee and assessment rates each year for several bienniums. The division intends to initiate a rule making for this purpose each biennium. This rule provides for an automatic annual increase in the rate of fees and assessments each fiscal year during the 2001-03 biennium.

(1) On July 1, 2002, the fee and assessment rates under WAC 208-660-060, as increased in the prior fiscal year, will increase by a percentage rate equal to the fiscal growth factor for the then current fiscal year. As used in this section, "fiscal growth factor" has the same meaning as the term is defined in RCW 43.135.025.

(2) The director may round off a rate increase under subsection (1) of this section. However, no rate increase may exceed the applicable fiscal growth factor.

(3) By June 1 of each year, the director will make available a chart of the new rates that will take effect on the immediately following July 1.

[Statutory Authority: RCW 18.44.410, 19.146.223, 19.146.225, 19.146.265, 31.04.165, 31.45.200. 01-12-029, § 208-660-061, filed 5/29/01, effective 7/1/01.]

**WAC 208-660-080 Surety bond and approved alternatives -- General requirements.**

(1) Each applicant for a license and licensee must file and maintain on file with the director:

(a) A surety bond in the required amount and related power of attorney issued by a bonding company or insurance company authorized to do business in this state; or

(b) An approved alternative to a surety bond in the required amount in accordance with WAC 208-660-08010.

The required amount of the surety bond or approved alternative ranges from twenty thousand dollars to sixty thousand dollars and is based on the applicant's or licensee's monthly average number of loan originators calculated in accordance with subsection (2) of this section. The surety bond or approved alternative is subject to claims in accordance with RCW 19.146.205 and 19.146.240. Borrowers shall be given priority over the state and other persons who file claims against the bond or approved alternative. The state and other persons shall not receive distributions from the remainder of the bond or approved alternative pursuant to valid claims prior to one hundred eighty days following the date a claim is made against the bond.

...

[Statutory Authority: RCW 43.320.010, 19.146.223. 01-01-044, § 208-660-080, filed 12/8/00, effective 1/8/01; 96-04-028, recodified as § 208-660-080, filed 2/1/96, effective 4/1/96. Statutory Authority: RCW 19.146.225. 95-13-091, § 50-60-080, filed 6/21/95, effective 7/22/95; 94-23-033, § 50-60-080, filed 11/8/94, effective 12/9/94. Statutory Authority: 1993 c 468 § 9. 94-03-009, § 50-60-080, filed 1/7/94, effective 2/7/94.]

**WAC 208-660-140 General recordkeeping requirements.**

(1) Each mortgage broker shall retain its books and records for a minimum of twenty-five months after the effective period to which the books and records relate.

However, books and records relating to a specific loan application must be maintained for a minimum of twenty-five months after a loan application is received. These books and records must be retained in all cases where a loan application has been received, any deposits or fees associated with a mortgage application have been accepted, or any written agreement has been executed.

(2) All books and records must be kept in a location in this state that is readily accessible to the department. However, a mortgage broker may store its books and records outside the state with the prior approval of the director, and after executing a written agreement with the director:

(a) To provide access to its books and records to investigate complaints against the mortgage broker; and

(b) To pay the department's travel, lodging and per diem expenses incurred in travel to examine books and records stored out-of-state.

(3) Books and records include without limitation: The original contracts for the broker's compensation, an accounting of all funds received in connection with loans, a copy of the settlement statements as provided to borrowers, a record of any fees refunded to applicants for loans that did not close, copies of the good faith estimates and all other written disclosures, and all other correspondence, papers or records relating to loan applications.

[Statutory Authority: RCW 43.320.010, 19.146.223. 01-01-044, § 208-660-140, filed 12/8/00, effective 1/8/01; 96-04-028, recodified as § 208-660-140, filed 2/1/96, effective 4/1/96. Statutory Authority: RCW 19.146.225. 95-13-091, § 50-60-140, filed 6/21/95, effective 7/22/95. Statutory Authority: 1993 c 468 § 9. 94-03-009, § 50-60-140, filed 1/7/94, effective 2/7/94.]

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**WAC 208-660-150 Disclosure of significant developments.**

(1) A licensee must notify the director in writing within thirty days after the occurrence of any of the following developments:

- (a) Licensee's filing for bankruptcy or reorganization.
- (b) Receipt of notification of license revocation procedures in any state against the licensee.
- (c) The filing of a felony indictment or information related to mortgage brokering activities of the licensee, or any officer, director, principal, or designated broker of the licensee.
- (d) The licensee, or any officer, director, principal, or designated broker of the licensee being convicted of a felony.
- (e) Receipt of notification of cancellation of the licensee's surety bond or approved alternative, or any significant decline in value of an approved alternative held by the director.
- (f) The filing of any material litigation against the licensee.

(2) A licensee must notify the director in writing ten days prior to a change of the location of the licensee's principal place of business or any of its branch offices.

(3) A licensee must notify the director in writing within five days after a change in the licensee's:

- (a) Name or legal status (e.g., from sole proprietor to corporation, etc.);
- (b) Mailing address or telephone number;
- (c) President, partner, designated broker, or branch office manager;
- (d) Trust account (e.g., change in the status, location, or account number);
- (e) State master business license; or
- (f) Standing with the state of Washington secretary of state.

[96-04-028, recodified as § 208-660-150, filed 2/1/96, effective 4/1/96. Statutory Authority: RCW 19.146.225. 95-13-091, § 50-60-150, filed 6/21/95, effective 7/22/95. Statutory Authority: 1993 c 468 § 9. 94-03-009, § 50-60-150, filed 1/7/94, effective 2/7/94.]

**WAC 208-660-160 License application denial or condition; license suspension or revocation.**

The director may deny or condition approval of a license application, or suspend or revoke a license if the applicant or licensee, or any principal or designated broker of the applicant or licensee:

- (1) Has failed to pay a fee due to the state in accordance with the Mortgage Broker Practices Act;
- (2) Has not filed the required surety bond or approved alternative or otherwise complied with RCW 19.146.205;
- (3) Has had any license, or any authorization to do business under any similar statute of this or any other state, suspended, revoked, or restricted within the prior five years;
- (4) Has within the prior seven years been convicted of a felony, or a gross misdemeanor involving dishonesty or financial misconduct;
- (5) Has failed to demonstrate financial responsibility, character, and general fitness such as to command the confidence of the community and to warrant a belief that the business will be operated honestly, fairly, and efficiently within the purposes of the Mortgage Broker Practices Act. The director may find that the person has failed to make the demonstration if, among other things:
  - (a) The person is or has been subject to an injunction issued pursuant to the Mortgage Broker Practices Act or the Consumer Protection Act; or
  - (b) An independent credit report issued by a recognized credit reporting agency indicates that the person has a substantial history of unpaid debts;
- (6) Has omitted, misrepresented, or concealed material facts in obtaining a license or in obtaining reinstatement thereof;
- (7) Has violated the provisions of the Mortgage Broker Practices Act, or the Consumer Protection Act;
- (8) Has had its surety bond, approved alternative, or equivalent form of business insurance, canceled or revoked for cause;
- (9) Has allowed the licensed mortgage broker business to deteriorate into a condition which would result in denial of a new application for a license;
- (10) Has aided or abetted an unlicensed person to practice in violation of the Mortgage Broker Practices Act;
- (11) Has demonstrated incompetence or negligence that results in injury to a person or that creates an unreasonable risk that a person may be harmed;
- (12) Is insolvent in the sense that the value of the applicant's or licensee's liabilities exceed its assets or in the sense that the applicant or licensee cannot meet its obligations as they mature;

- (13) Has failed to comply with an order, directive, or requirement of the director, or his or her designee, or with an assurance of discontinuance entered into with the director, or his or her designee;
- (14) Has performed an act of misrepresentation or fraud in any aspect of the conduct of the mortgage broker business or profession;
- (15) Has failed to cooperate with the director, or his or her designee, including without limitation by:
- (a) Not furnishing any necessary papers or documents requested by the director for purposes of conducting an investigation for disciplinary actions or denial, suspension, or revocation of a license; or
- (b) Not furnishing any necessary papers or documents requested by the director for purposes of conducting an investigation into a complaint against the licensee filed with the department, or providing a full and complete written explanation of the circumstances of the complaint upon request by the director;
- (16) Has interfered with an investigation or disciplinary proceeding by willful misrepresentation of facts before the director or the director's designee, or by the use of threats or harassment against a client, witness, employee of the licensee, or representative of the director for the purpose of preventing them from discovering evidence for, or providing evidence in, any disciplinary proceeding or other legal action;
- (17) Has failed to provide a required certificate of passing an approved examination;
- (18) Has failed to provide a required certificate of satisfactory completion of an approved licensing course or, in the alternative, satisfactory proof of two years' experience in accordance with WAC 208-660-040; or
- (19) Has failed to provide a required certificate of satisfactory completion of an approved continuing education course.

[Statutory Authority: RCW 43.320.010, 19.146.223. 01-01-044, § 208-660-160, filed 12/8/00, effective 1/8/01; 96-04-028, recodified as § 208-660-160, filed 2/1/96, effective 4/1/96. Statutory Authority: RCW 19.146.225. 95-13-091, § 50-60-160, filed 6/21/95, effective 7/22/95. Statutory Authority: 1993 c 468 § 9. 94-03-009, § 50-60-160, filed 1/7/94, effective 2/7/94.]

**WAC 208-660-165 Fines and penalties for violation of the Mortgage Broker Practices Act.**

Each mortgage broker and each of its principals, designated brokers, officers, employees, independent contractors, and agents shall comply with the applicable provisions of the Mortgage Broker Practices Act. Each violation of any applicable provision of the Mortgage Broker Practices Act, or of any order, directive, or requirement of the director may, at the discretion of the director, subject the violator to a fine of up to one hundred dollars for each offense. Each day's continuance of the violation is a separate and distinct offense. In addition, the director in his or her discretion may by order assess other penalties for a violation of the Mortgage Broker Practices Act.

[96-04-028, recodified as § 208-660-165, filed 2/1/96, effective 4/1/96. Statutory Authority: RCW 19.146.225. 95-13-091, § 50-60-165, filed 6/21/95, effective 7/22/95; 94-23-033, § 50-60-165, filed 11/8/94, effective 12/9/94.]